

“My agenda for economic development begins to break our dependence on foreign oil and creates new markets for crops grown in Washington to power our vehicles.”

Positioning Washington to compete in the world economy is key to the long-term success of this state. Earlier this year, I led successful efforts in the Legislature to fund critical transportation projects that keep our economy moving and established the Life Sciences Discovery Fund, which will use future tobacco settlement proceeds and private funding to put Washington on the leading edge of medical and agriculture research.

Today, one major obstacle to Washington’s success – and the nation’s success as well – are energy markets beyond our control, raising the price of gasoline to record highs and making the winter heating season a real financial burden to many families. I believe Washington can make a difference in developing alternative fuels, such as my plan to encourage use of biodiesel fuel, which is made from crops we grow right here in Washington. That way Washingtonians can keep some of the \$25 million that leaves our communities each day as they pay for oil and gas products.

My Budget for Improving Washington’s Economy Is:

STRATEGIC

Nurtures new markets for Washington-grown agriculture products. Uses farm crops to feed and expand the emerging biofuels industry, reducing Washington’s dependence on foreign oil while protecting the environment.

RESPONSIBLE

Strengthens economy by launching major improvements to state transportation system, ensuring safe roads and bridges, and doing a better job of getting people to work and goods to market.

ACCOUNTABLE

Leverages and targets tax dollars in ways that obtain the greatest return for citizens, such as \$1 million in start-up funding for the Life Sciences Discovery Fund, which will yield new industries and jobs in years to come.

BY THE NUMBERS : More than 75,000 jobs were added in Washington in the past 12 months, the strongest growth in five years.

Governor Gregoire's Supplemental Budget for Economic Development

Moves Washington toward energy independence	<p>Supports development of a biofuels industry. Strengthens Washington's farm economy by taking steps toward energy independence. Helps provide a new market for Washington-grown energy crops like canola or mustard by requiring fuel sellers in Washington to gradually increase the percentage of biofuels in diesel fuel as state biofuels production rises. Promotes private investment in the biofuels industry by providing low-interest loans for equipment, such as seed crushers and anaerobic digesters. Conducts economic and technical market assessments that help both public and private sectors complete successful bioenergy projects. <i>\$17.5 million GF-State, \$225,000 other funds</i></p>
Makes critical transportation improvements	<p>Moves forward with new transportation projects across Washington. Strengthens the backbone of the state's economy with an \$8.5 billion transportation improvement package supported by a majority of Washington voters in November. Close attention is paid to delivering transportation projects on time and within budget.</p>
Gives life sciences research a boost	<p>Advances life sciences research. Provides start-up funding for the Governor's \$3 billion Life Sciences Discovery Fund. Beginning in 2008, the Discovery Fund will use tobacco settlement and private funds to finance cutting edge medical and crop research. <i>\$1 million GF-State</i></p>
Provides incentives to help business thrive	<p>Helps keep businesses in Washington. Provides funds to quickly respond to help businesses that might otherwise close or relocate. Help can range from public infrastructure improvements to technical assistance. <i>\$4 million Economic Development Strategic Reserve Account</i></p> <p>Provides tax incentives to aerospace industry. Broadens two aerospace tax incentives to include companies engaged in research, design and engineering of airplanes and airplane components. The incentives include a sales-and-use tax exemption for certain computer equipment used primarily in this field, as well as a business-and-occupation (B&O) tax credit for pre-production development spending. Also, the reduced B&O tax rate for aviation repair services that was set to expire in 2003 is extended. <i>Reduces state revenue by \$3 million</i></p> <p>Reduces regulatory burden on small business. Repeals the 5 percent mandatory penalty on tax returns containing errors. Moves the date for excise tax payments by monthly filers. The 5 percent assessment penalty is unfair to businesses that make every effort to comply with the state's tax laws, yet still make a reporting error. Moving tax payments to later in the month helps small businesses that have cash flow problems because sales tax frequently is due before payments are received. <i>Reduces state revenue by \$18.3 million</i></p> <p>Provides incentives for natural gas suppliers to help small businesses. Proposes legislation providing tax credits of up to \$1.5 million against the public utilities excise tax, the value of which gas suppliers use to help small businesses finance energy-saving improvements.</p> <p>Helps attract business to downtown areas. Strengthens the state's Mainstreet Program, which provides advice and technical help to cities working to attract shoppers, businesses and tourists to their shopping and business centers. <i>\$183,000 GF-State</i></p>